

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MAGOFFIN GAS COMPANY, INC. AND  
DONALD A. COHEN

\_\_\_\_\_  
ALLEGED FAILURE TO COMPLY WITH  
COMMISSION REGULATIONS

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) CASE NO. 93-042  
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O R D E R

By Order dated February 9, 1993, the Commission established this show cause proceeding to address Magoffin Gas Company, Inc.'s ("Magoffin Gas") alleged failure to comply with Commission regulations 807 KAR 5:006 and 807 KAR 5:022. Commission Staff, having performed a follow-up inspection, has prepared the attached Follow-Up Inspection Report regarding Magoffin Gas's efforts to redress the deficiencies noted in the Commission's February 9, 1993 Order. All parties should review the report carefully and provide any written comments no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that:

1. All parties shall have 10 days from the date of this Order to provide written comments regarding the attached Follow-Up Inspection Report.

2. An informal conference is scheduled for November 30, 1993, at 1:30 p.m., Eastern Standard Time, in Conference Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of discussing those items noted as deficient in the Follow-Up Inspection Report.

Done at Frankfort, Kentucky, this

11th day of November, 1993.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director

COMMONWEALTH OF KENTUCKY  
PUBLIC SERVICE COMMISSION

FOLLOW-UP INSPECTION REPORT

Magoffin Gas Company  
Falcon, Kentucky

November 4, 1993

BRIEF

A follow-up inspection of Magoffin Gas Company (Magoffin) was conducted on August 23, 1993. The purpose of this inspection was to check on the progress made by Magoffin concerning the deficiencies noted in the August 20, 1991 comprehensive inspection and the December 21, 1992 follow-up inspection.

INSPECTION

During this inspection, I reviewed the deficiencies that had not been corrected in the December 21, 1992 follow-up inspection.

FINDINGS

The following recommendations were made in the August 20, 1991 comprehensive inspection report:

1. Implement a drug prevention program.

This has not been done. During an informal conference with Commission Staff on March 25, 1993, Magoffin stated that Estill Branham would perform the work required for Magoffin's drug prevention program. However, Mr. Branham has stated to me that no such agreement has been reached.

2. File with the Commission the meter test report for 1990.  
This has been done.

3. Find and correct the problems causing the low pipe-to-soil readings on the Royalton line. Cathodically protect the Ivyton line.

Royalton line. Magoffin says this line is connected to a pipeline owned by CanAm. Magoffin has installed a meter at the connection point in order to register the amount of gas Magoffin sells to CanAm. In Magoffin's opinion, this line is now gathering and not jurisdictional, and the service to the residential customers is farm tap service pursuant to KRS 278.485. If this line is considered to be gathering, the customers' current status of distribution would be changed to farm tap status and their quality of service would be reduced. To prevent this change of status, Magoffin should relocate the sales meter to a point upstream of the customers, and thereby propose that only the steel portion of this line be considered gathering.

Ivyton lines. If the portions of these lines upstream of the sales meters installed are considered gathering and nonjurisdictional, then the remainder of the lines downstream would remain distribution. Since these lines downstream are aboveground steel, each would need to be protected from atmospheric corrosion.

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4. Maintain and update as required a list of contractors operating in the area.  
This has been done.
5. Establish a MAOP for the system.  
This has been done.
6. Perform annual maintenance on all system regulators.  
This has been done.

RECOMMENDATIONS

It is recommended that Magoffin respond to the findings in this report.

Respectfully submitted,

*for Earl H. Alderman*  
Earl H. Alderman, Jr. *EHA*  
Utility Investigator

EHA/ml1